

# EXHIBIT SS

REDACTED PUBLIC  
VERSION

1 UNITED STATES DISTRICT COURT  
2 NORTHERN DISTRICT OF CALIFORNIA  
3 SAN JOSE DIVISION  
4

5 IN RE: HIGH-TECH EMPLOYEE )  
6 ANTITRUST LITIGATION )  
7 ) No. 11-CV-2509-LHK  
8 THIS DOCUMENT RELATES TO: )  
9 ALL ACTIONS. )

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13 VIDEOTAPED DEPOSITION OF SHARON COKER  
14 HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY  
15 November 1, 2012

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17 Reported by: Anne Torreano, CSR No. 10520

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03:42:19 1 believe it may have happened as a result of Alan  
03:42:23 2 leaving the business. And so at that point in time  
03:42:25 3 when he left the business there may have -- shortly  
03:42:30 4 after then been a recognition of changing my title to  
03:42:33 5 senior director.

03:42:34 6 Q. So there was a period of time where you were  
03:42:36 7 the director of human resources and then a subsequent  
03:42:39 8 period when you were the senior director?

03:42:41 9 A. I believe so.

03:42:41 10 Q. And do you recall when that changed happened?

03:42:44 11 A. I do not recall.

03:42:44 12 Q. And when that change happened, were you still  
03:42:48 13 reporting to Mr. Keith?

03:42:48 14 A. No, I believe the change would have happened  
03:42:52 15 after Alan left, and then at that point I was reporting  
03:42:57 16 into Steve Condiotti.

03:42:59 17 Q. Okay. And then when you -- your title changed  
03:43:02 18 and you became the senior director of human resources,  
03:43:07 19 were you reporting to Mr. Condiotti?

03:43:09 20 A. Correct.

03:43:09 21 Q. And were you the senior director of human  
03:43:12 22 resources from that point in time until the end of your  
03:43:14 23 tenure at Lucasfilm?

03:43:16 24 A. Correct.

03:43:17 25 Q. And that was in approximately April of 2007?

03:43:20 1 A. Correct.

03:43:22 2 Q. And when you left Lucasfilm in April of 2007,  
03:43:26 3 were you still reporting directly to Mr. Condiotti?

03:43:28 4 A. Yes.

03:43:29 5 Q. Okay. Now, when you started as the director  
03:43:38 6 of human resources, what were the elements of your  
03:43:44 7 compensation?

03:43:45 8 A. There were two primary elements of my  
03:43:49 9 compensation: One was my salary and the second was  
03:43:55 10 bonus eligibility. And bonus eligibility in the comp  
03:44:00 11 world would be short-term bonus like an annual bonus  
03:44:03 12 versus long-term incentive bonus.

03:44:06 13 Q. Well, were you eligible for both?

03:44:08 14 A. No, I was only eligible for short-term.

03:44:11 15 Q. Now, when you started as director of human  
03:44:19 16 resources, were you assigned a -- well, strike that.

03:44:25 17 When you were the director of human  
03:44:27 18 resources -- bless you -- was there a salary level  
03:44:32 19 associated with that title?

03:44:33 20 A. Yes.

03:44:36 21 Q. And what was the salary level?

03:44:42 22 A. I don't remember specifically, but it would  
03:44:47 23 have been at director level.

03:44:51 24 Q. Did Lucasfilm have a series or a structure of  
03:45:04 25 salary tiers?

03:45:07 1 A. We had -- yes, we had identified levels of  
03:45:13 2 positions within our salary structure all the way  
03:45:19 3 through nonexempt up to executive level.

03:45:22 4 Q. And were those maintained in some kind of  
03:45:26 5 written schedule?

03:45:27 6 A. They were maintained, yes, in a database.

03:45:30 7 When I first joined Lucasfilm, one of the  
03:45:35 8 things that I was hired for was that at the time that I  
03:45:38 9 joined all of the primary companies were just located  
03:45:44 10 in different locations geographically in Marin, and  
03:45:47 11 they had also kind of, if you will, grown their own  
03:45:50 12 cultures, grown their own personalities, had their own  
03:45:53 13 executives, had their own staff. So from an HR point  
03:45:57 14 of view, as an example, each one of those large groups  
03:46:00 15 had their own HR staff.

03:46:01 16 They technically reported into an HR director,  
03:46:04 17 but there was not a lot of consistency in practices.  
03:46:07 18 And so in terms of compensation, there were different  
03:46:11 19 practices in different business units at that point in  
03:46:13 20 time, even though in general they matched up to a broad  
03:46:18 21 structure of levels.

03:46:20 22 Q. Okay. So let me ask you a couple questions  
03:46:22 23 about that.

03:46:22 24 First of all, while you were at Lucasfilm did  
03:46:27 25 that -- do those -- did that structure get normalized

03:46:31 1 or cleaned up or unified?

03:46:33 2 A. It did. It was a work in progress when I  
03:46:35 3 left, but yes, we achieved quite a bit in terms of  
03:46:39 4 organizing them.

03:46:40 5 Q. And it was part of your job to work on that?

03:46:42 6 A. Yes.

03:46:43 7 Q. And can you recall approximately when that  
03:46:48 8 began?

03:46:48 9 A. It had begun when I was hired. Lucas had been  
03:46:53 10 working with an outside consultant for a period of time  
03:46:55 11 to take a look at it. I think the focus and  
03:47:00 12 acceleration, if you will, of that was due to the fact  
03:47:01 13 that the companies were all going to be moving together  
03:47:02 14 into San Francisco.

03:47:03 15 Q. Right.

03:47:03 16 A. We were anticipating more than it actually  
03:47:06 17 played out to happen that there'd be more movement  
03:47:09 18 between companies as a result of the co-location, and  
03:47:12 19 so we felt that there was a need to focus on those.

03:47:16 20 Q. Was there a particular person who you would  
03:47:18 21 identify as responsible for that development of a more  
03:47:24 22 unified salary structure at Lucasfilm?

03:47:26 23 A. I would say that the work had started with an  
03:47:29 24 outside consultant, and she was primarily responsible  
03:47:32 25 for doing a lot of the analysis. She worked extremely

03:47:36 1 closely with Steve Condiotti, again, where Roshni  
03:47:41 2 brought in -- Roshni Southard brought in the expertise  
03:47:44 3 around compensation structures and models, Steve was  
03:47:47 4 the subject the matter expert in terms of knowing  
03:47:50 5 Lucasfilm and knowing kind of idiosyncrasies of the  
03:47:54 6 organizations.

03:47:54 7 Q. So what was the name of the consultant?

03:47:55 8 A. Her name was Roshni Southard.

03:47:58 9 Q. And does she work for a company?

03:47:59 10 A. She worked for a company called Palmer  
03:48:02 11 Advantage.

03:48:02 12 Q. And -- okay.

03:48:13 13 MR. PURCELL: Counsel, it's been about an  
03:48:14 14 hour. Is this an okay time to take a break?

03:48:16 15 MR. SAVERI: I've got questions, but I'm sure  
03:48:19 16 this is fine. I don't mean to be facetious.

03:48:22 17 THE WITNESS: No.

03:48:23 18 MR. SAVERI: Okay.

03:48:24 19 THE VIDEOGRAPHER: This is the end of video  
03:48:25 20 No. 4. The time is 3:49 p.m. We're going off the  
03:48:29 21 record.

03:48:30 22 (RECESS TAKEN.)

04:03:47 23 THE VIDEOGRAPHER: This is the beginning of  
04:03:54 24 video No. 5 in the deposition of Sharon Coker. The  
04:03:58 25 time is 4:04 p.m. We're back on the record.

04:04:02 1 BY MR. SAVERI:

04:04:02 2 Q. Can I ask you a follow-up question about  
04:04:04 3 Exhibit 354, which was the exhibit that referred to  
04:04:08 4 [REDACTED]?

04:04:12 5 A. Yes.

04:04:13 6 Q. Do you have that in front of you?

04:04:17 7 A. Yes.

04:04:17 8 Q. Now, you say at the top of the document that  
04:04:20 9 you would check.

04:04:21 10 Do you see that?

04:04:22 11 A. That I would look at [REDACTED] comp?

04:04:24 12 Q. Yeah.

04:04:26 13 Do you -- did you have authority to make the  
04:04:30 14 decision to increase his compensation?

04:04:34 15 A. Within guidelines, you know, if it was within  
04:04:40 16 a broad range that had been established for positions,  
04:04:44 17 yes, I did. However, I would say that almost always  
04:04:48 18 when you made -- not always, but often if you would  
04:04:51 19 make an individual decision, it could impact other  
04:04:56 20 employees in similar positions. So you had to look at  
04:04:57 21 that. And so there would be times when I would have  
04:05:01 22 broader conversations with people even though I could  
04:05:03 23 have approved it.

04:05:04 24 Q. Okay. So let's break that up into pieces.

04:05:06 25 The first part was -- I think you said that



04:05:09 1 you did have authority within a salary range?

04:05:11 2 A. Yes.

04:05:12 3 Q. Is that correct?

04:05:12 4 A. Mm-hmm.

04:05:13 5 Q. What did you mean by that?

04:05:14 6 A. So we had broad ranges established for  
04:05:19 7 positions, and, you know, a range -- I'll just give you  
04:05:25 8 a hypothetical range. A range could be a salary  
04:05:29 9 between 60,000 and 85,000 dollars for a particular  
04:05:35 10 position, and you would determine where an individual  
04:05:38 11 should be paid within that range based on their  
04:05:41 12 experience, skill, comp history, performance level. So  
04:05:45 13 there are a number of factors as to where an individual  
04:05:48 14 would be comped within that broader range.

04:05:50 15 Q. And those were elements of the -- part of the  
04:05:54 16 salary structure that we were talking about?

04:05:55 17 A. Right.

04:05:56 18 Q. So for each job title at Lucasfilm was there a  
04:06:07 19 salary range?

04:06:09 20 A. Each job title was matched to a job family.

04:06:13 21 Q. Okay.

04:06:14 22 A. So there were -- there were ranges for job  
04:06:19 23 families rather than individual titles, I would say.  
04:06:22 24 The job title is matched to a family, and then there's  
04:06:24 25 a broad range for a family of jobs.

04:06:27 1 Q. So is it fair to say then that for each job  
04:06:33 2 family there were a number -- or there could be more  
04:06:35 3 than one job title that would be part of a job family?

04:06:39 4 A. Correct.

04:06:40 5 Q. And the salary range was established at the  
04:06:43 6 job family level, not at the job title level; is that  
04:06:46 7 correct?

04:06:46 8 A. Right. And not to confuse you, but in the  
04:06:50 9 world of comp it's -- sometimes "job family" is the  
04:06:53 10 expression that's used and sometimes it's "job level."

04:06:55 11 Q. Right. So how many job titles were there at  
04:07:04 12 Lucas?

04:07:10 13 A. I think that there could have been eight  
04:07:13 14 hundred to a thousand. Something like that.

04:07:16 15 Q. And as part of your efforts to kind of unify  
04:07:22 16 or normalize that structure, did you reduce the number  
04:07:25 17 of job titles?

04:07:27 18 A. We did not reduce the number of job titles.  
04:07:29 19 What we tried to do was -- so to explain the effort  
04:07:34 20 that I was involved in, each company had already in  
04:07:38 21 place their own structure that was somewhat similar to  
04:07:41 22 this. So it's not uncommon for organizations,  
04:07:44 23 especially as they grow in size, to figure out some  
04:07:47 24 sort of way to compensate people for similar-type work.

04:07:51 25 And so they all had similar broad bands and

04:07:55 1 they had already done matches of their numerous job  
04:07:59 2 titles into these broader bands. But my effort was to  
04:08:03 3 say, okay -- I'll give you two examples. There were  
04:08:07 4 many situations where job titles and even job roles,  
04:08:10 5 the work that people did, was unique to that  
04:08:14 6 organization. So you would have a game developer in  
04:08:17 7 LucasArts, but you wouldn't have a game developer in  
04:08:21 8 Lucas Animation.

04:08:22 9 So there were job titles and job roles that  
04:08:24 10 were particular to that organization.

04:08:26 11 There were also some broad categories of jobs  
04:08:28 12 that existed across all organizations. Our effort in  
04:08:32 13 terms of cleaning that up was to say you may call them  
04:08:36 14 X here and Y here, but we want to identify if they're  
04:08:39 15 doing the same role and therefore make sure they're  
04:08:43 16 matched in the same range.

04:08:44 17 Q. So among other things, was the -- was the  
04:08:47 18 effort to match employees in the same range part of an  
04:08:51 19 effort to try to treat like people alike?

04:08:54 20 A. Yes. And again, I think I'd mentioned that  
04:08:57 21 one of the things we were expecting that never happened  
04:09:01 22 greatly is that people want to move around, where  
04:09:03 23 before they didn't very often.

04:09:05 24 Q. So -- okay. So I think you told me that you  
04:09:08 25 thought there were -- I think you used the number

04:09:12 1 possibly eight hundred job titles at Lucas?

04:09:14 2 A. A large number, yeah.

04:09:16 3 Q. And how many job families did that kind of  
04:09:20 4 roll up to?

04:09:20 5 A. So again, for a little bit of clarity, I will  
04:09:29 6 use as an example, production side.

04:09:32 7 So both at -- nonexempt and exempt level  
04:09:36 8 positions reside within a production family. So  
04:09:39 9 production family can start with a production  
04:09:42 10 assistant, which is the entry-level position, and work  
04:09:44 11 all the way up to an executive producer. And that  
04:09:48 12 would be what I would call a job family. So it's the  
04:09:51 13 production job family.

04:09:52 14 Within the production job family there are  
04:09:54 15 levels, and there were probably -- if you kind of throw  
04:09:58 16 out nonexempt and you throw out executive -- in between  
04:10:02 17 maybe -- maybe four to five levels.

04:10:08 18 Q. Four to five?

04:10:08 19 A. Four to five.

04:10:10 20 Q. And -- okay. If you add the exempt in, how --

04:10:16 21 A. That includes the exempt. That is the exempt.

04:10:18 22 Q. I mean, if you add in the nonexempt, how would  
04:10:22 23 that go?

04:10:22 24 A. So typically for hourly employees who are  
04:10:24 25 nonexempt we did not have that same level of structure,

04:10:26 1 because they're hourly.

04:10:27 2 Q. Okay. How about if you added the executives  
04:10:30 3 in?

04:10:30 4 A. And by "executives," I'm taking out maybe ten  
04:10:33 5 people at the company or twelve people at the company.

04:10:35 6 Q. Okay.

04:10:36 7 A. So it was a very small number.

04:10:38 8 Q. So that top of the pyramid represented the  
04:10:40 9 very small band in terms of actual head count?

04:10:44 10 A. Correct. And by the nature of the  
04:10:50 11 executive-level role, I've never worked anywhere where  
04:10:54 12 it's been -- it's almost treated as an animal apart.  
04:11:00 13 It's not part of the ...

04:11:01 14 Q. And again, so I understand, the salary ranges  
04:11:10 15 were established at Lucasfilm at the salary family  
04:11:16 16 level; is that correct?

04:11:17 17 A. It was both. It was almost like an  
04:11:19 18 intersection, if you picture the grid. So within a  
04:11:23 19 family of jobs, like if you were to look at like  
04:11:26 20 technical positions or if you were to look at the  
04:11:28 21 production family, I'll stay with that for a moment,  
04:11:30 22 there's a hierarchy, if you will, of complexity of  
04:11:34 23 roles within a family, and that might be the horizontal  
04:11:41 24 part of the grid.

04:11:42 25 The vertical part of the grid would be, you

04:11:44 1 know, how do you level those positions with -- across  
04:11:48 2 the board, to compare them to people in different job  
04:11:50 3 families.

04:11:52 4 So if somebody was a fairly senior-level  
04:11:55 5 producer, you wanted the ability to also look at  
04:11:58 6 senior-level technical people or senior-level  
04:12:02 7 management people and say, how do our -- for example,  
04:12:05 8 at a director level, directors have very distinct and  
04:12:09 9 different jobs depending on what family they're in.

04:12:11 10 Q. Right.

04:12:12 11 A. But they are at a certain level within the  
04:12:15 12 company. We want to be able to look at their  
04:12:17 13 compensation across that level.

04:12:18 14 Q. And again, there was some effort to treat like  
04:12:22 15 people alike in terms of compensation?

04:12:23 16 A. Well, I think it was more a situation of  
04:12:25 17 analytics in terms of that. It was like, you know,  
04:12:27 18 where does it make sense to do that and where do you  
04:12:31 19 say that a director's job is so unique or so different  
04:12:35 20 or has such an impact on the business that it's  
04:12:37 21 different than another director's job.

04:12:39 22 Q. So if a person was placed somewhere in that  
04:12:44 23 system within a salary range, how was it determined --  
04:12:51 24 how was the base compensation determined on a  
04:12:55 25 year-to-year basis?

04:12:56 1 Put another way, how was someone's salary  
04:12:59 2 within that range established?

04:13:00 3 A. So as an example, if you take the category of  
04:13:07 4 TDs, which was a huge population, if you take the  
04:13:10 5 categories of TDs --

04:13:11 6 Q. When you say "huge," just in terms of head  
04:13:13 7 count?

04:13:13 8 A. In terms of head count, the number of people  
04:13:17 9 in those titles. And you had a wide variety of  
04:13:20 10 technical directors. Some of them worked in  
04:13:21 11 lighting, some them worked in modeling, some of them  
04:13:26 12 worked in hair and cloth. I mean, it was very broad.

04:13:28 13 Having said that --

04:13:30 14 Q. Did you say "hair and cloth"?

04:13:32 15 A. Hair and cloth TDs.

04:13:33 16 Q. Okay. I got it.

04:13:34 17 A. Yeah.

04:13:35 18 Q. Okay.

04:13:36 19 A. But even within that category of like a  
04:13:39 20 lighting TD, you had levels of experience. So you  
04:13:43 21 would have a junior entry-level lighting TD, you would  
04:13:47 22 have a mid-level TD, and you'd have a senior  
04:13:50 23 advanced-level TD.

04:13:52 24 So to your point around how would we determine  
04:13:54 25 the compensation, we would know when we posted an

04:19:06 1 is Lucasfilm competitive with -- against our  
04:19:10 2 philosophy, where we want to be in the marketplace  
04:19:13 3 within that whole job family.

04:19:15 4 It's not -- then it becomes not just a Steve  
04:19:17 5 issue, but it's in general. If he was a technical TD,  
04:19:20 6 in general are we paying him the right -- you know, are  
04:19:23 7 we going to start losing good talent or not be able to  
04:19:26 8 attract talent because of our -- what we've decided to  
04:19:30 9 pay for that range of positions.

04:19:31 10 Q. And if you thought there was something that  
04:19:33 11 needed to be adjusted with respect to, for example,  
04:19:35 12 moving of TDs as a class --

04:19:37 13 A. Right.

04:19:37 14 Q. -- am I correct that that would have broader  
04:19:41 15 implications for that salary structure?

04:19:43 16 A. Correct.

04:19:43 17 Q. For example, I mean, among other things, if  
04:19:46 18 I'm understanding the horizontal and vertical direction  
04:19:49 19 correctly, we're talking about a situation now where  
04:19:54 20 a -- essentially a horizontal -- a whole horizontal  
04:19:59 21 tier would be raised in terms of their base  
04:20:02 22 compensation?

04:20:02 23 A. Or it could potentially -- or a group of  
04:20:04 24 employees within that range.

04:20:05 25 Q. And that had -- and is it correct that that



04:20:09 1 had a significant enough broad effect that other, more  
04:20:15 2 senior people needed to be involved in that discussion?

04:20:19 3 MR. PURCELL: Object to the form.

04:20:19 4 THE WITNESS: Yes, in that those decisions  
04:20:28 5 that impacted more than just one individual could have  
04:20:32 6 impact a ripple effect on other positions. So it was  
04:20:37 7 not solely my decision to change a salary range. It  
04:20:40 8 was something that I discussed with other people.

04:20:42 9 BY MR. SAVERI:

04:20:42 10 Q. Like Mr. Condiotti?

04:20:43 11 A. Correct.

04:20:44 12 Q. And Ms. Chau?

04:20:44 13 A. At times Ms. Chau.

04:20:46 14 Q. Have you gone -- have you gone to outside  
04:20:53 15 training on compensation?

04:20:57 16 A. No.

04:21:00 17 Q. Did you learn all this on the job?

04:21:01 18 A. Well, I learned on the job over a period of  
04:21:04 19 many years, and also, again, from exposure to working  
04:21:11 20 with consultants and exposure to working with, you  
04:21:14 21 know, in a variety of different types of businesses in  
04:21:17 22 different types of compensation situations.

04:21:20 23 Q. So have you ever -- in the context of those  
04:21:29 24 discussions or that training or that experience, have  
04:21:34 25 you become acquainted with the term -- with the concept

04:21:37 1 of internal equity?

04:21:39 2 A. Yes.

04:21:39 3 Q. Can you tell me what that is, please, to the  
04:21:42 4 best of your understanding?

04:21:42 5 A. Internal equity is that people within the  
04:21:47 6 company, internally within the company -- and it has  
04:21:50 7 nothing to do with what the market pays, if you want to  
04:21:54 8 be literal with it. But internal equity then means  
04:21:57 9 that at my company I'm paid comparably -- not exactly,  
04:22:01 10 but I'm paid comparably to other people with the same  
04:22:03 11 set of experience and the same level of performance for  
04:22:06 12 doing the same work.

04:22:07 13 Q. Is that a concept or an idea or a goal that  
04:22:13 14 Lucas tried to meet with its compensation structure?

04:22:18 15 A. I think that it was a factor that you always  
04:22:22 16 look at in terms of compensation changes, but was it  
04:22:29 17 a -- given great weight? Was it a primary factor? I  
04:22:38 18 would say not necessarily.

04:22:39 19 Q. Okay. Do you understand that at least what  
04:22:42 20 you're describing about internal equity was peculiar to  
04:22:46 21 Lucas?

04:22:46 22 A. No.

04:22:47 23 Q. Did you understand the idea of -- concept of  
04:22:50 24 Lucas -- excuse me, the idea of internal equity to be  
04:22:52 25 something that all sorts of companies thought about

04:22:55 1 when constructing or modifying their compensation  
04:22:58 2 structures?

04:22:59 3 A. Absolutely. And if the company didn't, the  
04:23:01 4 employees would remind them. So, you know, again, I  
04:23:04 5 think it's -- it is -- internal equity is a  
04:23:13 6 consideration in compensation decisions.

04:23:16 7 Q. Is it fair to say that it's -- while it may  
04:23:22 8 not be -- while there may be others that are more  
04:23:25 9 important, it is something that Lucasfilm considered?

04:23:28 10 MR. PURCELL: Object to the form.

04:23:29 11 THE WITNESS: I think it was something that,  
04:23:35 12 you know, in a broad context we considered. I do not  
04:23:39 13 recall that we would have conversations where we would  
04:23:42 14 say, now, you know, are we breaking with internal  
04:23:45 15 equity by making these decisions. So it was not  
04:23:47 16 something that was a -- you know, a number one factor  
04:23:52 17 that we'd measure our changes against.

04:23:54 18 BY MR. SAVERI:

04:23:54 19 Q. Now, we've been talking most -- in large part  
04:24:00 20 with respect to the compensation structure about what I  
04:24:02 21 think of as base compensation or salary; correct?

04:24:05 22 A. Yes.

04:24:05 23 Q. And I think you also identified, at least with  
04:24:08 24 respect to yourself, that there were other elements of  
04:24:11 25 compensation. I think you said both -- you

04:24:13 1 described -- you talked about bonus eligibility, and  
04:24:15 2 then you made a distinction between short-term and  
04:24:18 3 long-term.

04:24:18 4 Do you recall that?

04:24:19 5 A. Yes.

04:24:19 6 Q. So was there also another element of the  
04:24:23 7 compensation structure at Lucas other than base salary  
04:24:26 8 which included bonuses?

04:24:29 9 A. Yes.

04:24:29 10 Q. And could you describe for me generally how  
04:24:31 11 that worked?

04:24:32 12 A. Each business unit annually had a set of goals  
04:24:37 13 to achieve, and if the business unit met those goals,  
04:24:44 14 then all of the employees in that business unit were  
04:24:46 15 eligible for -- to participate in a bonus distribution.

04:24:50 16 So business unit performance was the kind of  
04:24:56 17 eligibility criteria before you could play, and then if  
04:24:58 18 the business unit met those goals, depending on the  
04:25:01 19 level of your position and your performance, you would  
04:25:07 20 get a bonus, which would be again an annual bonus.

04:25:10 21 Q. Okay. So let me go back through that.

04:25:14 22 A. Okay.

04:25:15 23 Q. First you talked about the business units, and  
04:25:17 24 when you say that, are you talking about things like  
04:25:22 25 Lucas Art, Lucas Animation, ILM?

04:51:19 1 exercise was to determine where there was the ability  
04:51:21 2 to mesh?

04:51:21 3 A. Correct.

04:51:21 4 Q. And also to identify places where it didn't  
04:51:25 5 mesh so well?

04:51:26 6 A. Yes.

04:51:27 7 Q. And you wanted to describe a structure that  
04:51:30 8 that was organized and rational with respect to kind of  
04:51:36 9 both groups?

04:51:36 10 A. Correct. It was again recognizing where there  
04:51:39 11 were commonalities and having one structure that could  
04:51:45 12 work in multiple locations and then having where they  
04:51:47 13 were unique, and there was going to be no attempt to  
04:51:50 14 try and match those.

04:51:51 15 Q. Now, the next item is "Gathering Input on Comp  
04:52:03 16 Issues."

04:52:04 17 Do you see that?

04:52:04 18 A. Yes.

04:52:04 19 Q. Did you gather input then from people within  
04:52:07 20 Lucas? Is that what that means?

04:52:09 21 A. I gathered information from recruiters, and I  
04:52:11 22 also gathered information from the business unit  
04:52:15 23 managers on what their recruiting and hiring challenges  
04:52:17 24 were. We would also talk about the other -- well, we  
04:52:22 25 were also trying to arrive at what issues we had with

04:52:26 1 either internal equity or where we had chosen to pay in  
04:52:29 2 the marketplace.

04:52:30 3 Q. And so could you describe for me what were  
04:52:34 4 the -- what you meant by "internal equity" here?

04:52:36 5 A. So internal equity would be -- it could mean  
04:52:40 6 two things. One is it could mean that there were a  
04:52:46 7 group of employees in a job family doing similar work  
04:52:53 8 and at one company, perhaps even they were paying X or  
04:52:58 9 a range of X to Y for those positions. Across the  
04:53:03 10 street, more or less in one of the other divisions,  
04:53:05 11 they might be paying from X to Z for those positions.

04:53:08 12 So it was within the Lucas companies are there  
04:53:12 13 any -- can we identify any areas where we have, you  
04:53:18 14 know, what I would call a "pay discrepancy," where  
04:53:20 15 we're not paying within reason within ranges.

04:53:24 16 Q. And when you say a "pay discrepancy" in that  
04:53:28 17 context you mean a pay discrepancies within Lucas?

04:53:31 18 A. Within Lucas. Again, internal equity would  
04:53:35 19 connote that to me.

04:53:35 20 Q. Okay. Then you say -- or this slide says,  
04:53:39 21 "Jobs paid at 65th percentile versus 50th percentile."

04:53:43 22 Do you see that?

04:53:43 23 A. Yes.

04:53:44 24 Q. And that's the issue you talked about a little  
04:53:46 25 bit earlier about potential problems or issues relating

04:53:52 1 to whether Lucas was going to pay certain job titles or  
04:53:57 2 jobs at a [REDACTED] rate as opposed to a [REDACTED]  
04:54:02 3 [REDACTED] rate; correct?

04:54:06 4 A. Correct.

04:54:06 5 Q. Now, if you flip to the next slide, there are  
04:54:10 6 references to a number -- well, the slide is entitled  
04:54:13 7 "External Market Analysis."

04:54:15 8 Do you see that?

04:54:15 9 A. Yes.

04:54:15 10 Q. So let me first -- let me ask you a couple  
04:54:18 11 questions about these points. The first item is  
04:54:20 12 "Market survey resources."

04:54:22 13 Do you see that?

04:54:23 14 A. Yes.

04:54:23 15 Q. Now, it identifies three companies, Radford  
04:54:27 16 Associates, Dunlap and Croner.

04:54:29 17 Do you see that?

04:54:31 18 A. Yes.

04:54:32 19 Q. Were those companies that conducted market  
04:54:36 20 surveys regarding compensation?

04:54:38 21 A. Yes.

04:54:39 22 Q. And did Lucasfilm participate in those  
04:54:45 23 surveys?

04:54:46 24 A. Yes.

04:54:46 25 Q. And did they obtain information from those

04:54:48 1 survey companies regarding compensation in the  
04:54:53 2 marketplace?

04:54:53 3 A. Yes.

04:54:53 4 Q. Did you yourself participate in those survey?

04:54:56 5 A. I personally participated in the Croner. I  
04:54:58 6 did not personally participate in either the Dunlap or  
04:55:02 7 Radford.

04:55:03 8 Q. Did you provide information to Croner then?

04:55:05 9 A. Are you referencing my personal involvement or  
04:55:10 10 the company?

04:55:10 11 Q. I was -- I'm sorry. Did Lucas provide  
04:55:13 12 information to Croner?

04:55:14 13 A. Lucas provided information to all three of  
04:55:17 14 those survey companies.

04:55:18 15 Q. Okay. And did Lucas receive information back  
04:55:21 16 from all three of those companies?

04:55:22 17 A. Yes.

04:55:23 18 Q. Now, let me just jump down. The third item is  
04:55:31 19 "Survey data used -- being used for selected segments."

04:55:35 20 Do you see that?

04:55:36 21 A. Yes.

04:55:36 22 Q. Now, were these -- were these segments  
04:55:59 23 identified because these provided potential --  
04:56:02 24 information on a potential competition with Lucasfilm  
04:56:07 25 for particular employees?



04:56:11 1 MR. PURCELL: Object to the form.

04:56:12 2 BY MR. SAVERI:

04:56:12 3 Q. Let me ask you a better question.

04:56:14 4 Why were these selected -- why these segments  
04:56:18 5 selected?

04:56:18 6 A. These segments were selected because I would  
04:56:24 7 say there is no one place to get all of your  
04:56:27 8 information. So again, it was a way of slicing and  
04:56:30 9 dicing so that you could -- you could get as broad a  
04:56:38 10 research base of data and information.

04:56:40 11 So, for example, the Radford, Dunlap and  
04:56:43 12 Croner were specific to certain segments, business  
04:56:46 13 segments. The high -- the other survey that we're  
04:56:50 14 looking at would be looking at, for example, if we were  
04:56:52 15 to look at high-tech industry, we would be able to try  
04:56:55 16 and find data that applied to Silicon Valley, which  
04:57:01 17 might be helpful in helping us determining what we were  
04:57:04 18 going to have to pay software engineers. It wouldn't  
04:57:06 19 be helpful to us in determining what we need to pay our  
04:57:09 20 animation staff.

04:57:10 21 Q. Well, did these segments -- or did you  
04:57:13 22 understand these segments to be segments that provided  
04:57:23 23 information regarding market levels of compensation for  
04:57:27 24 Lucasfilm employees?

04:57:31 25 That's not a very good question. Let me

## REPORTER'S CERTIFICATE

I, Anne Torreano, Certified Shorthand Reporter licensed in the State of California, License No. 10520, hereby certify that the deponent was by me first duly sworn, and the foregoing testimony was reported by me and was thereafter transcribed with computer-aided transcription; that the foregoing is a full, complete, and true record of said proceedings.

I further certify that I am not of counsel or attorney for either or any of the parties in the foregoing proceeding and caption named or in any way interested in the outcome of the cause in said caption.

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In witness whereof, I have subscribed my name this 31st day of August, 2012.

☒ Reading and Signing was requested.

☐ Reading and Signing was waived.

☐ Reading and Signing was not requested.

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